

Babylon Pump & Power Limited



Acquisition of Ausblast & Equity Raising

February 2021

ASX: BPP

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1. Babylon Overview

Business Snapshot

Rapidly growing specialist mining services provider focusing on two high demand, complementary offerings in WA & QLD

Business Offerings

SPECIALTY RENTAL



Rental of specialty diesel driven pumping and power generation equipment

- Portable diesel generators up to 1.25MW capable of being synchronised for larger power requirements
- Pumps up to 1200hp with advanced control systems for remote monitoring and operation

DIESEL MAINTENANCE



Maintenance and rebuild services for large diesel engines and heavy components

- Specialist in Caterpillar and Cummins large diesel engines
- Growing core engine inventory

Platform for Growth

- ✓ Coverage of key regions – operations in WA and QLD cover major resource markets
- ✓ Blue-chip client base – positive and growing relationships with major resource producers and top tier service companies
- ✓ Broad commodity exposure – currently operating across iron ore, gold, nickel, coal and oil & gas markets
- ✓ Technical expertise – decades of technical experience with both Caterpillar and Cummins platforms with ability to offer rebuild services on both West & East coasts of Australia
- ✓ Cross-selling – proven success adding specialty rental to maintenance services clients and vice versa
- ✓ Purchasing power and contract synergies – growing scale to warrant bulk ordering and economies of scale
- ✓ Low corporate overhead – proven capability to expand operations whilst maintaining tight control over corporate overheads
- ✓ Supportive shareholder base – long term support from existing shareholders

Selected Clients



Management Team

Highly experienced and committed team with leading expertise



Michael Shelby
Executive Chairman

- Co-founder of Babylon in February 2017
- Over two decades of experience in oil & gas, mining and specialty rental markets spanning commercial, technical and project management roles
- Previously GM at Resource Equipment (ASX:RQL) and was primarily responsible for growing the oil & gas service business from inception until its takeover in 2015 for \$116m
- Holds a Bachelor of Science in Chemical Engineering from Louisiana State University
- Completed an MBA program at the Melbourne Business School and the AICD Directorship Course



Patrick Maingard
Executive Director

- Co-founder of Babylon in February 2017
- Over 30 years of management experience with a strong SME background with Director and Managing Director portfolios
- Previously Director/co-owner of plastics manufacturing business Omni with key customers including Bunnings, Reece Plumbing, Masters, Australian Defence Force, Constellation Wines and Matrix Asia Pacific
- Holds a MSc Management from Oxford University and is a graduate member of the Australian Institute of Company Directors



Michael Kenyon
Non-Executive Director & Company Secretary

- Extensive senior finance experience with a range of private and public companies over the past 24 years
- Previously CFO of Pacific Energy (ASX:PEA) prior to its \$470m takeover by QIC in 2019 and before that CFO of Resource Equipment (ASX:RQL)
- Currently CFO and Company Secretary for Resource Development Group (ASX:RDG) and WA Kaolin (ASX:WAK)
- Holds a Bachelor of Business degree from Edith Cowan University, is a qualified Chartered Accountant, a graduate member of the Australian Institute of Company Directors and a certificated member of the Governance Institute



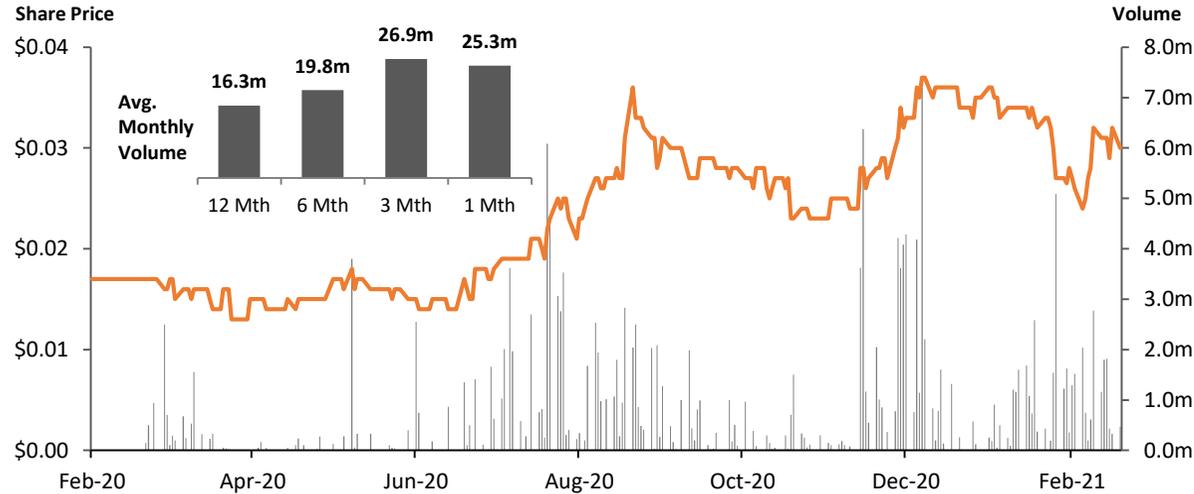
Alan Ings
Chief Financial Officer

- Experienced mining executive with over 20 years industry experience
- Appointed Chief Financial Officer in 2020
- Previously worked within the mining services sector and will play an important role as the level of client engagement and growth in Babylon's opportunity pipeline continue



Corporate Snapshot

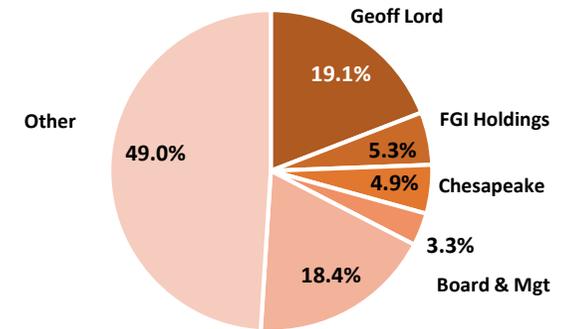
Share Price Performance & Liquidity (LTM)



Capital Structure

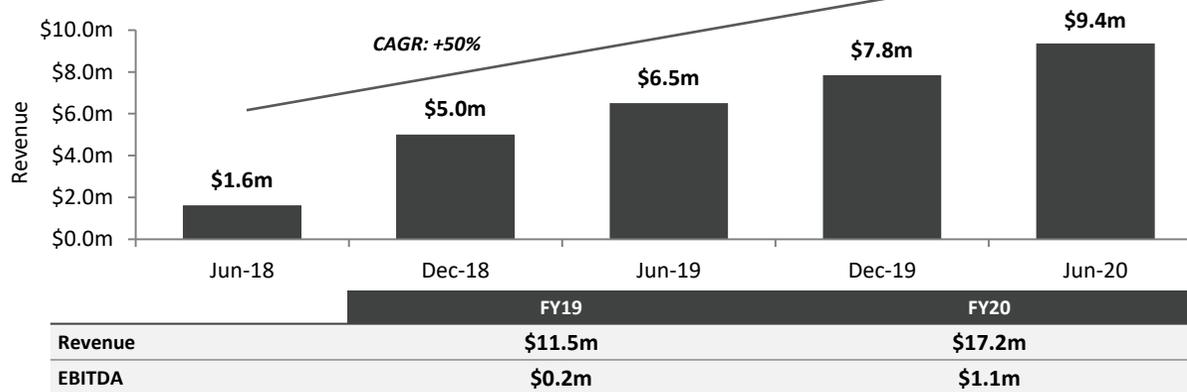
	Undiluted	Diluted for Con Notes
Current Share Price (22 Feb 21)	\$0.030	\$0.030
No. of Shares Outstanding	860.4m	1,067.9m ²
Market Capitalisation	\$25.8m	\$32.0m
Cash (22 Feb 21)	\$0.6m	\$0.6m
Debt (22 Feb 21) ¹	\$6.7m	\$2.0m
Net Debt	\$6.1m	\$1.4m
Enterprise Value	\$31.9m	\$33.4m

Key Shareholders



Total Shareholders ~650

Key Financials – Revenue & EBITDA



1. Debt includes \$4.7 million of convertible notes that have conversion price of \$0.0225
 2. Based on convertible note conversion

Babylon Operations Update & Outlook

Babylon continues to rapidly grow and benefit from strong fundamental growth outlook

- ✓ Record revenue and operating performance being achieved
- ✓ Strong levels of inquiry and tender activity
- ✓ Client list continues to grow
- ✓ Increasing levels of repeat business
- ✓ Continuing investment to increase workshop capacity, rental fleet and core engine inventory to meet demand
- ✓ Successfully increasing tradesman head count to support high demand for services and developing younger employees
- ✓ Site services to increase in support of engine re-build works
- ✓ Improving profitability and cashflow with increased scale and synergies
- ✓ Board performance rights linked to strong growth in revenue & EBITDA¹:
 - ▶ FY21: \$24m revenue at 8% EBITDA
 - ▶ FY22: \$30m revenue at 10% EBITDA
 - ▶ FY23: \$40m revenue at 12% EBITDA



1. As set out in Company's Notice of Annual General Meeting and as approved by shareholders on 15 December 2020

2. Ausblast Acquisition Summary

Ausblast - Specialist Mining Services Provider



Ausblast is a specialist provider of integrated services for mine maintenance and shutdowns in Western Australia to Tier 1 clients



WATER BLASTING

Environmentally friendly service that cleans, preps, unblocks and removes many types of medium



ABRASIVE BLASTING

Preparation of structures and equipment for protective coatings and structural repairs



PROTECTIVE COATINGS

Corrosion control and protection for steel structures and equipment, increasing the life span and decreasing the cost of replacement



VACUUM LOADING

Effective for collection of waste in confined spaces and pits



Selected Clients



Acquisition Rationale

Ausblast is a standout acquisition for Babylon with strong rationale

<p>Highly Complementary</p>	<ul style="list-style-type: none"> ✓ Specialist WA based provider of high-pressure water blasting and ancillary services to the resources sector ✓ Significant pumping and maintenance component consistent with Babylon’s core capabilities and expertise ✓ Common clients, key operating regions and complementary service offering ✓ Similar can-do, client first and operational excellence culture
<p>Proven, High Margin Business</p>	<ul style="list-style-type: none"> ✓ Well established business servicing Tier 1 clients since 2006 ✓ Excellent reputation and HSE track record ✓ Consistent revenue of c. \$9m per annum and EBITDA margin of +20% over past 7 years under current management team ✓ Delivers significant scale and earnings step-change and enhance exposure to WA’s strong mining services market
<p>Strong Growth Opportunity</p>	<ul style="list-style-type: none"> ✓ Significant and growing demand for services, with transition from contract to specialty rental model able to improve revenue and margins ✓ Specialised service offering, high barriers to entry and limited competitors ✓ Ausblast considered #3 high-pressure water blaster in WA with significant capacity to grow ✓ Private ownership constraints and preferences have limited Ausblast’s growth potential
<p>Attractive Acquisition Terms</p>	<ul style="list-style-type: none"> ✓ Upfront cash payment of \$4.4 million and \$1.0 million in Babylon shares (subject to 12-month escrow) with acquisition completion expected in March 2021 ✓ Deferred payment of \$1.0 million in cash or shares at Babylon’s election and subject to conservative future earnings milestone¹ ✓ Implied FY20 EV / EBITDA acquisition multiple of 2.7x (upfront) and 3.2x (upfront & deferred) ✓ Assets independently valued by Grays to have a market replacement value of \$4.2 million²
<p>High Quality Management Team</p>	<ul style="list-style-type: none"> ✓ Highly experienced management team with leading expertise and relationships ✓ Will continue to lead and grow Ausblast as an independent business within Babylon and with Babylon’s support ✓ Well aligned to deliver on-going success via vendor equity and deferred payment components and involvement in Babylon’s executive remuneration plan

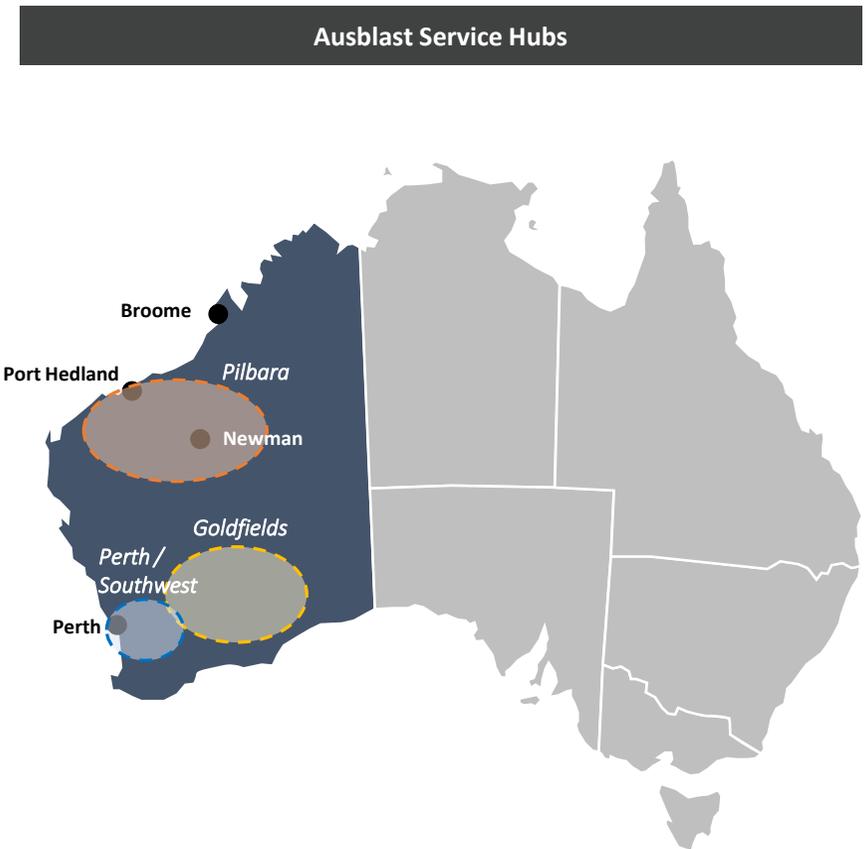
1. Based on Ausblast achieving an EBITDA of at least \$1.0 million in FY23 2. Valuation completed in November 2020



Ausblast - Strategic Operating Presence

Ausblast facilities enhance Babylon's strategic operating presence in these regions particularly in the Pilbara, and provide opportunity for significant operational growth and synergies

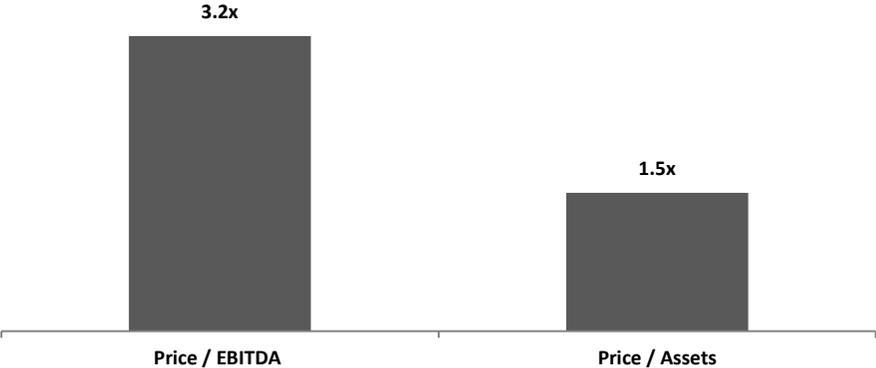
Facility	Newman	Port Kennedy
Approximate Size	2,000m ²	380m ²
Key Service Area	Pilbara	Goldfields, Perth Metro & Southwest
Lease Term	Initial 3 year term with option to secure further 3 years	Initial 1 year term with option to secure further 1 year



Ausblast - Attractive Multiples & Ability for Growth

Strong and consistent financial performance secured at attractive multiples with Babylon able to overcome private ownership constraints and preference to deliver on Ausblast’s strong growth potential

Attractive Acquisition Terms (Upfront & Deferred)



Key Terms

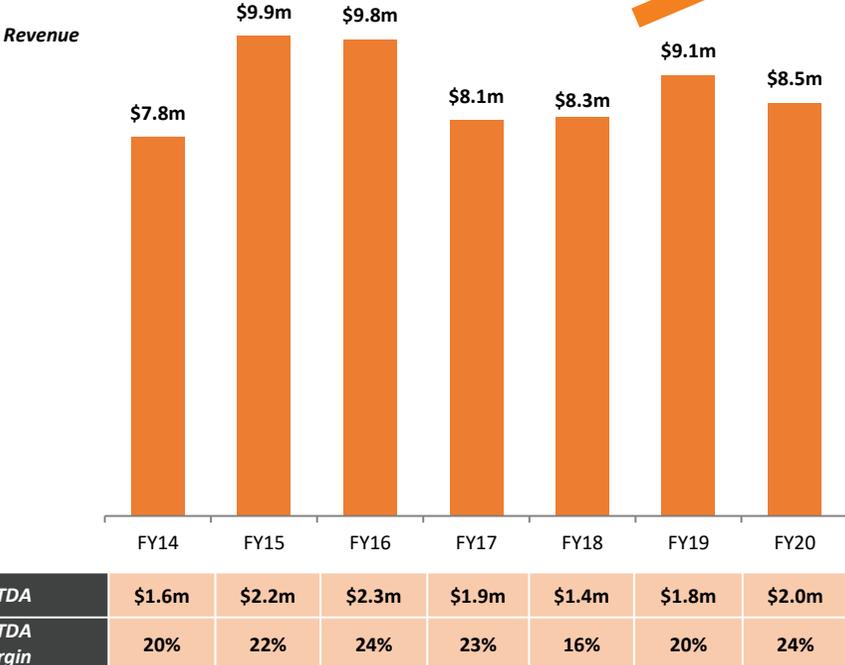
- Upfront cash payment of \$4.4 million and \$1.0 million in Babylon shares with acquisition completion expected in March 2021
- Deferred payment of \$1.0 million in cash or shares at Babylon’s election and subject to conservative future earnings milestone of at least \$1.0 million EBITDA in FY23
- Implied FY20 EV / EBITDA acquisition multiple of 2.7x (upfront) and 3.2x (upfront & deferred)
- Assets independently valued to have a market replacement value of \$4.2 million¹, giving implied price to asset ratio of 1.3x (upfront) and 1.5x (upfront & deferred)

1. Valuation completed in November 2020

Ausblast High Quality Revenue & EBITDA

- High quality, repeatable earnings under current management team
- Consistent c. 20% EBITDA margin
- Earnings growth limited by private ownership constraints and preferences

Significant opportunity for strong growth under Babylon



Ausblast - Key Management Team

Ausblast’s highly experienced management team will continue to lead Ausblast as an independent business within Babylon and bring deep expertise, industry relationships and business development capabilities

Management	Experience
 <p>Angus McSporrان <i>General Manager</i></p>	<ul style="list-style-type: none"> ■ Ausblast GM since 2012 ■ Over 15 years operations and management experience in the resources and industrial sectors ■ Responsible for day to day management of Ausblast, including client relationships ■ Past senior management roles with Lothways and Cape
 <p>Mark Wilson <i>HSE & Training Manager</i></p>	<ul style="list-style-type: none"> ■ Ausblast HSE & Training Manager since 2012 ■ Over 10 years experience in the management and coordination of onsite safety and training ■ Responsible for HSE and training with strong focus on promoting system of continuous improvement

- Ausblast utilises a specialised contract workforce of c. 80 skilled personnel with excellent retention rate of c. 90% over the past 5 years
- Opportunity for significant labour benefits and efficiencies able to be realised in conjunction with Babylon’s existing business



Ausblast - Strong Fleet & Key Equipment

Ausblast has a well maintained fleet of specialised equipment with significant operational benefits able to be realised by Babylon and which has been independently valued by Grays to have a market replacement value of \$4.2 million¹

Equipment	No.
Blasting Trucks	12
Vacuum Trucks	5
Blasting Systems	12
Trailers	6
Light Vehicles	3
Total	38

Modern and well-maintained fleet with the average age of major equipment less than 4 years



1. Valuation completed in November 2020



Delivers Babylon's Third Growth Pillar

Significant opportunity to leverage the expertise and capabilities of each business unit to drive synergies and growth

Ausblast broadens and enhances Babylon's mining services offering

1	2	3
SPECIALTY RENTAL	DIESEL MAINTENANCE	SPECIALTY SERVICES
<p>Rental of specialty diesel driven pumping and power generation equipment</p> <ul style="list-style-type: none"> ■ Portable diesel generators up to 1.25MW capable of being synchronised for larger power requirements ■ Pumps up to 1200hp with advanced control systems for remote monitoring and operation 	<p>Maintenance and rebuild services for large diesel engines and heavy components</p> <ul style="list-style-type: none"> ■ Specialist in Caterpillar and Cummins large diesel engines ■ Growing core engine inventory 	<p>Provider of environmentally friendly water & abrasive blasting and protective coating services</p> <ul style="list-style-type: none"> ■ Pre-shut preparation and cleaning ■ Surface preparation and debridement ■ Surface protection ■ Removal of waste ■ Labour and equipment hire

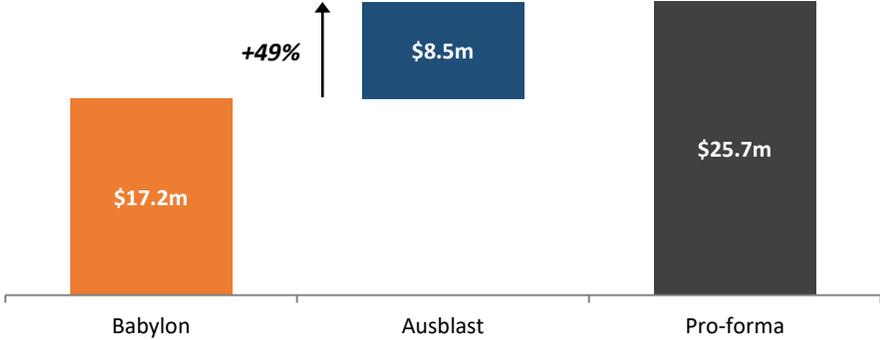
Combination Opportunities

- ✓ Improved scale and capabilities
- ✓ Broader service offering
- ✓ Operational efficiencies and cost savings
- ✓ Enhanced cross selling to existing customers
- ✓ Ability to leverage expertise, assets and human resources
- ✓ Efficiencies through sharing common skillsets and assets across divisions

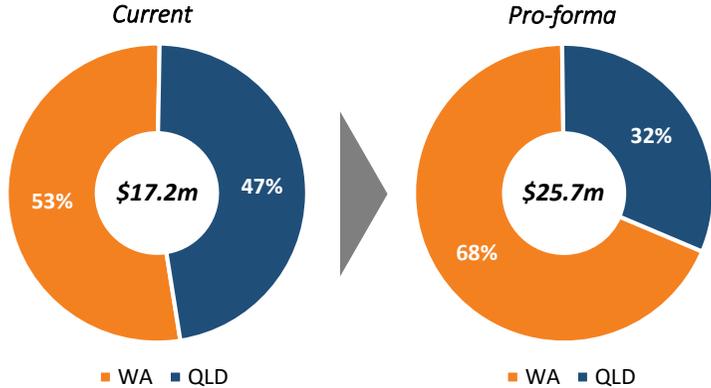
Accretive Step-Change

Ausblast represents a significant step change to Babylon financial scale and margins with broader exposure to mining services

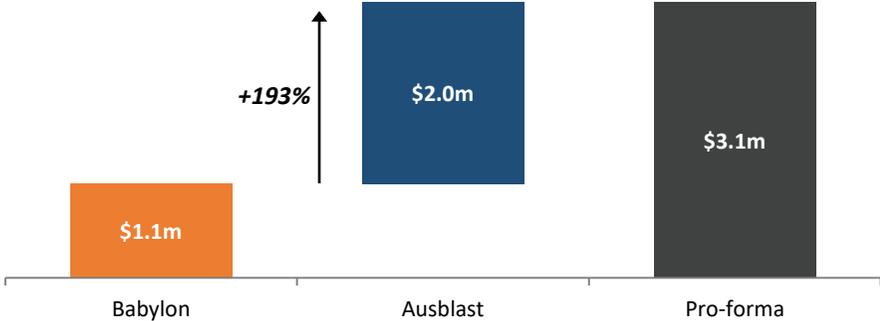
FY20 Revenue



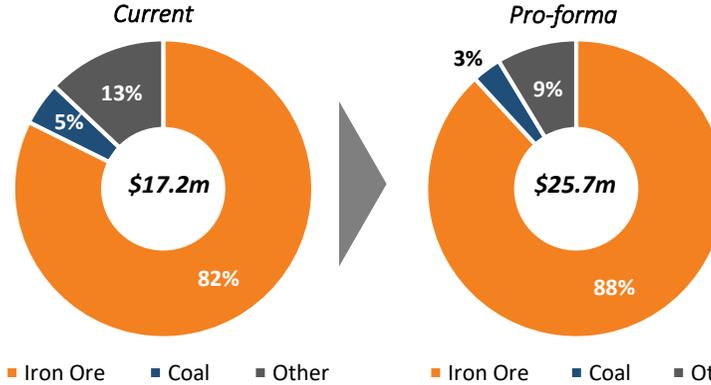
FY20 Revenue by Location



FY20 EBITDA

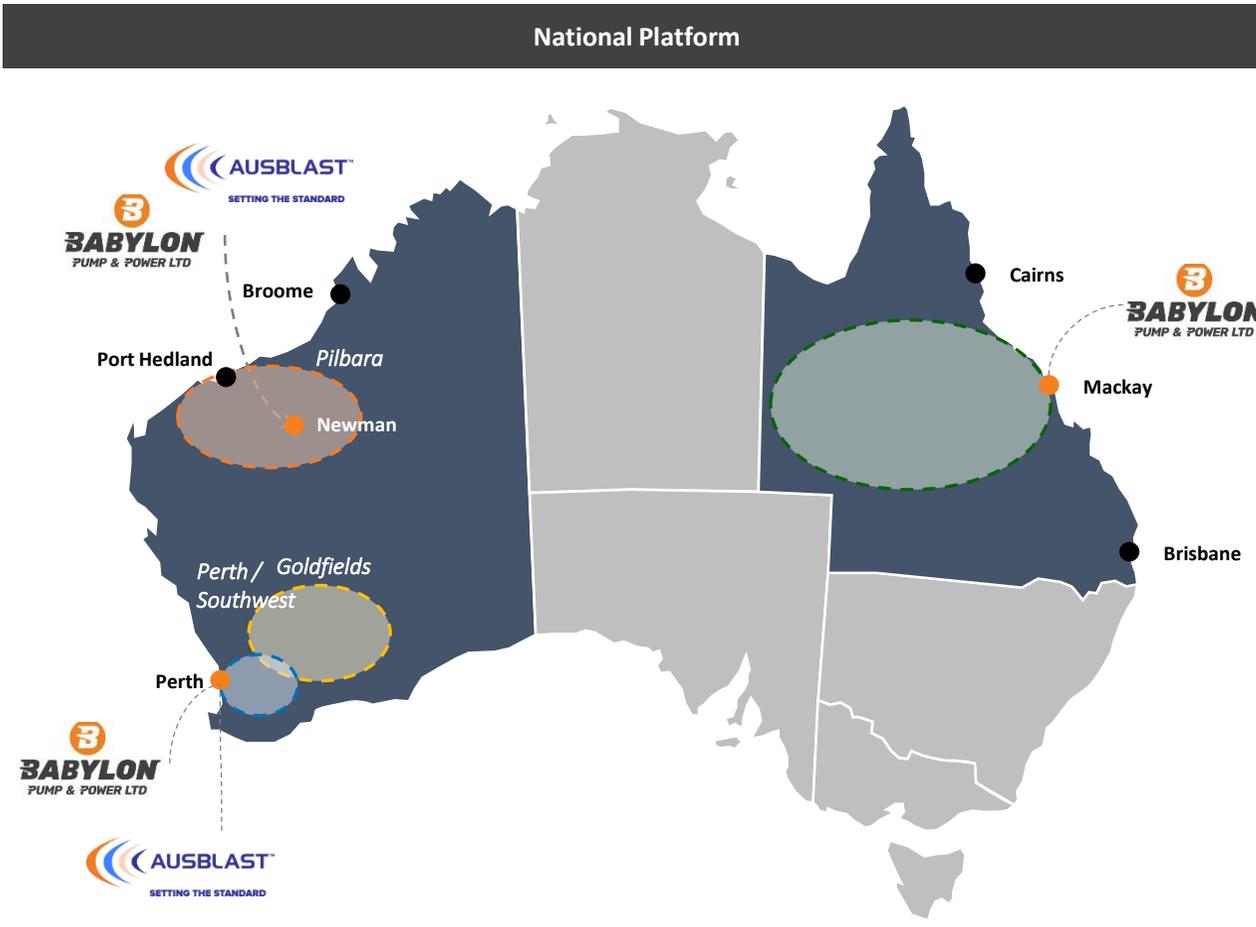


FY20 Revenue by Commodity



Strengthened Growth Platform

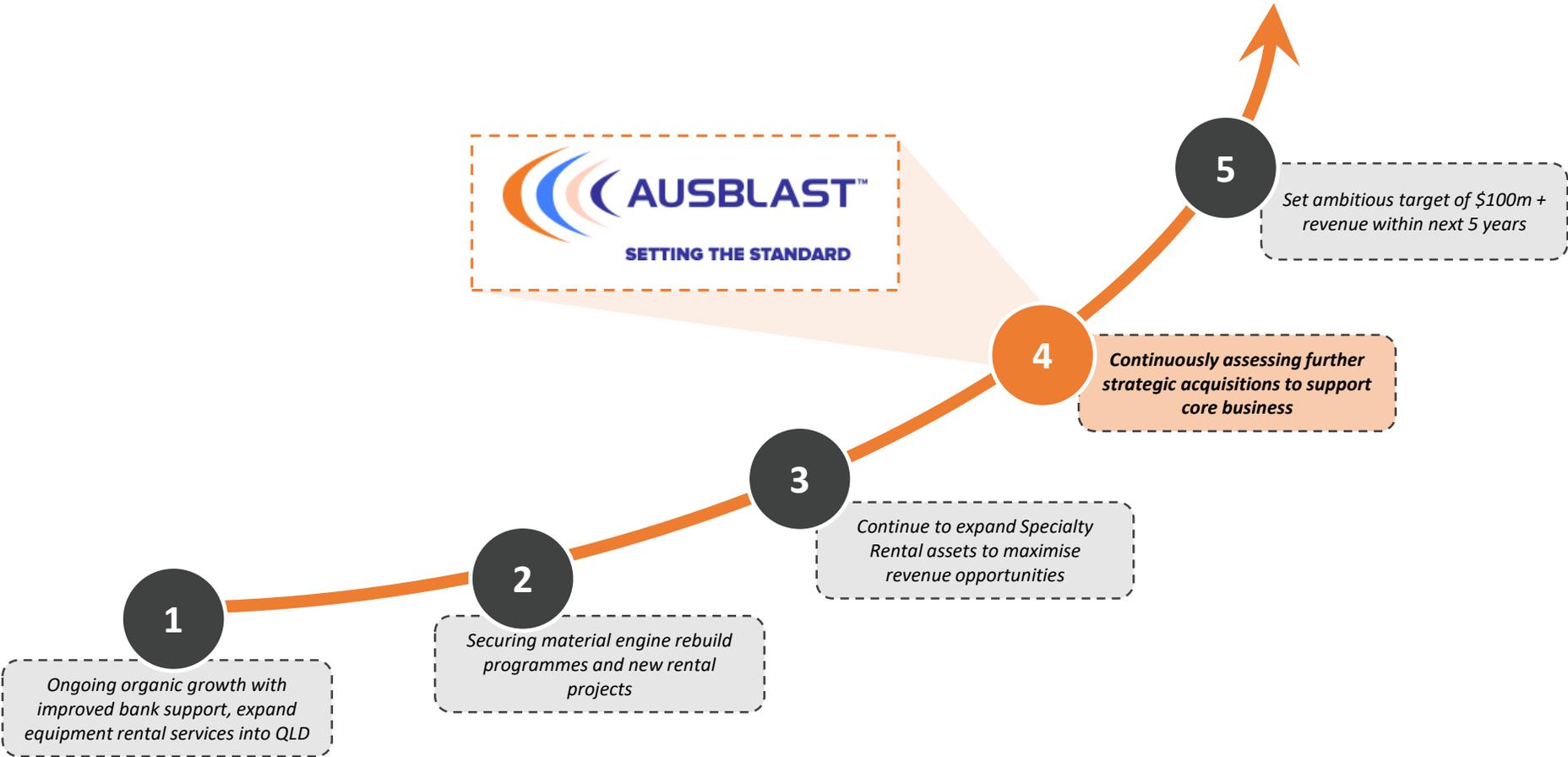
The enlarged Babylon will have a strengthened growth platform across Australia's leading resource regions



Commodity	Selected Clients
Iron Ore	
Gold	
Copper / Nickel	
Energy	
Other	

Ideal Fit with Babylon’s Core Strategy

Ausblast is consistent with Babylon’s strategy to leverage its core capabilities to deliver scale and growth



4. Funding & Equity Raising Overview

Funding & Equity Raising Overview

The acquisition of Ausblast and additional growth capital for the business will be funded via combination of debt and equity

Funding Structure	Overview	<ul style="list-style-type: none"> ■ Unsecured loan of \$3.5 million ■ Equity raising to raise \$4.8 million
Debt	Key Details	<ul style="list-style-type: none"> ■ Short term unsecured bridge loan facility of \$3.5 million provided by Belgravia Strategic Equities (an entity associated with Babylon’s strategic adviser and supportive 19.1% shareholder Geoff Lord) ■ Commercial terms with no early repayment fee and maturity of 31 May 2021 ■ Babylon’s expectation is to refinance the loan via future bank facilities
Equity Raising	Structure	<ul style="list-style-type: none"> ■ Single Tranche Placement to raise approximately \$4.3 million via the issue of approximately 172 million new fully paid ordinary shares (“New Shares”) pursuant to Babylon’s existing placement capacity under ASX Listing Rules 7.1 and 7.1A (“Placement”) ■ Share Purchase Plan (“SPP”) at the Placement price for eligible shareholders in Australia and New Zealand to be underwritten to \$0.5 million, subject to shareholder approval ■ In addition, Babylon also intends to undertake a subsequent placement of up to \$2.0 million, which will be subject to shareholder approval, on the same terms as the Placement. Geoff Lord will assist Babylon in coordinating this placement
	Pricing	<ul style="list-style-type: none"> ■ Offer price of \$0.025 per New Share <ul style="list-style-type: none"> — 16.7% discount to Babylon’s last close of \$0.030 per share (22 February 2021); — 16.5% discount to the 10-day VWAP of \$0.0299 per share; and — 17.1% discount to the 30-day VWAP of \$0.0302 per share
	Use of Proceeds	<ul style="list-style-type: none"> ■ To fund the acquisition of Ausblast and provide growth and general working capital for the Ausblast business and Babylon
	Ranking	<ul style="list-style-type: none"> ■ The New Shares will be quoted on ASX following issue and will rank pari-passu with the existing fully paid ordinary shares currently on issue
	Syndicate	<ul style="list-style-type: none"> ■ Argonaut Securities Pty Ltd and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers to the Placement ■ Canaccord Genuity (Australia) Limited is acting as underwriter to the SPP

Funding & Pro-Forma Impact

Babylon will be well funded with a strengthened balance sheet to support ongoing growth

Funding Sources & Uses

Sources of Funds	
Existing cash ¹	\$0.6m
Unsecured Debt	\$3.5m
Placement	\$4.3m
SPP (Underwritten amount)	\$0.5m
Total Sources of Funds	\$8.9m
Uses of Funds	
Ausblast acquisition cash payment	\$4.4m
Transaction costs	\$0.5m
Growth and general working capital	\$4.0m
Total Uses of Funds	\$8.9m

1. As at 22 February 2021
 2. Calculated based on (1) proposed \$4.3m Placement and (2) proposed SPP to be underwritten to \$0.5m
 3. Includes (1) proposed \$4.3m Placement; (2) proposed SPP (\$0.5m) and \$3.5m of debt funding
 4. \$1.0m BPP shares issued to Ausblast vendors at the Offer Price (which are subject to a 12-month escrow period) but excluding an additional \$1.0m BPP shares to be issued to Ausblast vendors subject to achievement of FY23 EBITDA of at least \$1.0m
 5. Comprised of \$4.4m upfront cash payment and estimated \$0.5m transaction related costs

Pro-Forma Capital Structure & Financial Position

	Units	Current Babylon	Equity & Debt Funding	Acquisition & Transaction Costs	Pro-Forma Babylon
Basic shares outstanding	<i>m</i>	860.4	192.0 ²	40.0 ⁴	1,092.4
Current share price / Offer price	<i>\$/share</i>	0.025	-	-	0.025
Market capitalisation	\$m	21.5	-	-	27.3
Cash	<i>\$m</i>	0.6 ¹	8.3 ³	(4.9) ⁵	4.0
Debt	<i>\$m</i>	6.7 ¹	3.5	-	10.2
Net Debt	\$m	6.1	(4.8)	4.9	6.2
Enterprise Value	\$m	27.6	-	-	33.5
Total Assets	\$m	24.5¹	4.8	(0.5)	28.8
Total Liabilities	\$m	17.9¹	3.5	-	21.4
Net Assets	\$m	6.6	1.3	(0.5)	7.4
FY20 EBITDA	\$m	1.1	-	2.0	3.1
Net Debt / FY20 EBITDA	x	5.8	-	-	2.0

Indicative Equity Raising Timetable



Indicative Timetable ¹	Date/Time (AEST)
Trading Halt and Placement opens	Tuesday, 23 February 2021
Record Date for eligibility to participate in SPP	Wednesday, 24 February 2021
Announcement of the results of Placement	Thursday, 25 February 2021
Despatch SPP Offer Documents and SPP offer open date	Tuesday, 2 March 2021
Anticipated Placement DvP Settlement Date	Tuesday, 2 March 2021
Issue date of the Placement Shares	Wednesday, 3 March 2021
SPP closing date	Wednesday, 7 April 2021
Announcement of SPP participation results	Friday, 9 April 2021
General Meeting to approve SPP Underwriting	Friday, 9 April 2021
Issue of new shares under the SPP	Thursday, 15 April 2021

1. The timetable is indicative only and subject to change without notice

Summary Investment Highlights

- ✓ **Babylon is a rapidly growing specialist mining services provider**
 - +50% Revenue CAGR (H2 FY18 to H2 FY20) to FY20 Revenue of \$17.2m
- ✓ **Acquisition of Ausblast is transformative, adding a third pillar to Babylon's growth strategy**
 - Specialty Rental / Diesel Maintenance / Specialty Services
- ✓ **Expanding presence in key resource markets of WA and Queensland**
 - Ausblast provides Babylon enhanced exposure and coverage in WA's very attractive and strong mining services market
- ✓ **Attractive acquisition terms**
 - Implied FY20 EV / EBITDA acquisition multiple of 2.7x (upfront) and 3.2x (upfront & deferred)
 - Consideration reflects independently assessed asset replacement value
- ✓ **Highly accretive acquisition**
 - Delivers pro-forma FY20 growth in Revenue up 49% to \$25.7m and EBITDA up 193% to \$3.1m
- ✓ **Equity raising supports accelerating growth, with attractive opportunities across all 3 divisions**



Babylon Pump & Power Limited

74 Harrison Road
Forrestfield WA 6058
